

This price factor will measure the value of energy saved or lost by virtue of the project operating and reducing Delmarva's overall transmission system energy losses. Delmarva will calculate these savings or losses for every project relative to a reference case utilizing a computer model(s).

2.3.6 Imputed Debt Offset

Debt rating agencies view long-term PPAs as debt-like in nature. Typically, a rating agency will factor a percentage of the net present value ("NPV") of a PPA's capacity payments as debt in their quantitative assessment of a utility's credit quality. Each bid will be evaluated and a cost assigned to account for the incremental equity required to return Delmarva's capital structure to the ratios that would be in place excluding a PPA being imputed as debt by the rating agencies.

Delmarva proposes to calculate an imputed debt offset based on the methodology described above. The imputed debt offset, however, will be used for sensitivity purposes only once all the bids have been evaluated in the Detailed Evaluation Stage. The imputed debt offset will therefore be used to determine the impacts on the ranking of bids based on the magnitude of this adjustment.

Delmarva will assess the incremental equity amount to be equal to, at a minimum, 50% of the NPV of the bid's capacity payment (a percentage of the energy price may be included if Delmarva concludes that a portion of the bid's energy component would be imputed as debt by the rating agencies in their assessment of Delmarva's credit worthiness).

Delmarva has included a spreadsheet which describes the Company's methodology for calculating the imputed debt offset as Form S of the Bidder Response Forms.

2.3.7 Loss under Probability of Default

2.3.7 Price Stability

~~Each bidder will be evaluated for the impact on the overall system costs which Delmarva would experience under a default situation under the contract. This Price Factor will address the potential economic cost impact to Delmarva end-use customers based on a mark-to-market assessment of the overall exposure under the probability of a default situation.~~

[Delmarva should provide an explanation as to how it will conduct its proposed analysis of price stability of proposals]

~~This analysis will assess the credit risk of the bidder proposal using measurements of:~~

2.3.8 Exposure Based on Contract Size and Other Factors

Default probability—The likelihood that the bidder will default on its obligation at some point over the life of the PPA agreement. The default probability may be considered over multiple time horizons. Default probabilities will be calculated based on the bidder's current credit quality and the likelihood of a default based on that current standing. If there is a difference between the ratings provided by the three major rating agencies (Standard & Poors, Moody's and Fitch), the lowest rating shall be used. Bidders are required to provide detailed financial information in the bidder forms which will be utilized in this analysis.

Large contract sizes, especially with respect to baseload projects with little or limited dispatchability, create higher levels of exposure to Delmarva and its customers than are optimal. Bidders proposing a contract size of 200 MW or less will receive the maximum points in this category. Bidders proposing the maximum contract size with a high capacity factor and little or limited dispatchability will receive the minimum number of points.

Credit exposure—The credit exposure will be measured as the mark-to-market value (measured as expected replacement cost) of the contract at the time of the default. The exposure will consider the term of the contract for this analysis and the forward market prices anticipated under the computer simulation described above (see Residual SOS).—

Recovery rate—The credit exposure determined above will be reduced by the expected fraction of the credit exposure which may be recovered through bankruptcy proceedings or some other form of settlement in the event of a default.

The overall exposure (net of potential recovery) will be assessed as the net present value of the exposure for Delmarva's SOS customers.

2.3.9 Contract Terms

The attached Term Sheet (Attachment 2) provides the key contractual terms governing the sale of energy and capacity and other Products to Delmarva. Potential bidders shall receive access to the full PPA once they timely register for the pre-bid conference to be held on November 15, 2006. If the bidder would like any changes to the PPA, they shall submit a redlined version by the due date for proposals, in MS Word, showing such requested changes. Delmarva will consider the reasonableness and impact of the requested changes as part of the bid evaluation process, and will favor those bids with the changes that are the least problematic from the perspective of the Company and SOS ratepayers.

2.4 NON-PRICE FACTOR EVALUATION [40 Points out of 100 Possible]

Delmarva and the Independent Consultant will also use non-price factors to evaluate the development and operational benefits and risks of each proposed project. Delmarva will use The points available for each of the non-price factors and relative values are shown below.

2.4.1 Non-Price Factor Evaluation Criteria and Weightings

<u>Project Characteristics</u>		<u>Points</u>
A.	Environmental Compatibility	<u>Impact</u>
<u>14</u>	<u>7</u>	
B.	<u>Fuel Diversity</u>	<u>3</u>
C.	<u>Technology Innovation</u>	<u>3</u>
<u>Project Viability</u>		
<u>D.</u>	Operation Date and its Certainty	<u>43</u>
<u>E.</u>	Reliability of Technology	<u>5</u>
<u>D.</u>	<u>Fuel Diversity</u>	<u>7</u>
<u>E.</u>	Site Development	<u>5</u>
<u>F.</u>	Bidder Experience, Safety and Staffing	<u>5</u>
<u>G.</u>	<u>Financial Plan</u>	<u>5</u>
<u>H.</u>	<u>Contract Terms</u>	<u>2</u>
<u>H.</u>	<u>Project Financeability</u>	<u>5</u>
Total Non-Price Points		40

2.4.2 Non-Price Factors

This section describes the factors that ~~Delmarva will take~~be taken into account in assigning points in the Detailed Evaluation for non-price factors. Except as noted, bidders shall use the response forms provided with this RFP to provide this information, and may submit supplemental information as required. Delmarva and the Independent Consultant will evaluate proposals with more or some of these features more favorably than those that have fewer or none of them.

A. Environmental CompatibilityImpact [714 points]

~~Criteria for evaluating the environmental aspects of the new power generation resource will include reductions in environmental impact, benefits of adopting new and emerging technology, and siting feasibility. A number of these features may be conditions required under applicable permits. Also, some of the value of environmental features will be captured in the pricing, which must include costs for the generation project(s) to meet environmental requirements. In general, proposals will receive favorable scoring only to the extent that they demonstrate that their project(s) exceed regulatory requirements. Examples of the features that may meet these criteria include:~~ The environmental impact of the new power generation resource will be scored based on each project's impact on:

- (a) greenhouse gas emissions;
- (b) mercury and EPA criteria pollutants such as NO_x, SO₂, particulate matter and ozone
- (c) water including water usage and discharge;
- (d) land usage;
- (e) wildlife; and
- (f) waste disposal.

The 14 points available for this factor will be divided as follows: four points will be available for each of (a) and (b), and 1.5 points will be available for each of (c), (d), (e), and (f).

Each of these criteria will be scored on the basis of low/no impact, medium impact, and high impact. For example, a wind project has no greenhouse gas emissions and will receive the highest available score (4 points) for that criterion.

(1) Environmental Quality and Natural Resource Management-Issues

In assigning points, the impact per MWh expected to be generated will be the standard of comparison. Further, indirect benefits to Delaware resulting from each proposed facility will be taken into account in making this assessment. For example, if the building of a facility will be accompanied by a commitment to operate another facility with high emissions less frequently than current levels, the resulting committed environmental benefits will be factored into the scoring. Similarly, ancillary impacts, such as land use impacts that may be associated with building a new transmission line, will also be considered in scoring the Environmental Impact criteria.

~~Reductions in the level of air emissions~~ (e.g., this may include consideration of such factors as: high levels of renewable fuel use; high generation efficiency; low levels of regulated air emissions, including particulate matter; high levels of air emission offsets (e.g., NOx credits) obtained through over-control of sources; low visibility impacts; and low emissions of greenhouse gases; state-of-the-art combustion technology).

~~Impacts on water emissions and quality~~ (e.g., this may include consideration of such factors as: reductions of nitrogen loadings to the Delaware Bay; low consumptive use of groundwater or non-tidal off-site surface water; limited use of impervious covers; effectiveness of storm water management; use of waste or other reclaimed water particularly if it is not expected to be returned to non-tidal rivers or streams or is returned to tidal waters; on-site water storage during periods of low flow).

~~Land impacts~~, which may include such factors as the enhancement of habitat for living resources (fish, wildlife, birds); compatibility with State land use policies including coastal zone protection, agricultural land protection, protection of state-designated scenic byways; few nearby land uses with which it is incompatible; and the length of corridors needed to connect to fuel sources and the electric transmission grid.

DB. Fuel Diversity

[73 points]

Delmarva and the State Agencies prefer facilities using fuel that adds diversity and reduces the volatility of the power supply mix. Accordingly, Delmarva prefers projects providing energy and capacity from renewable sources and facilities that use solid fuel.— Projects In assigning points for this factor, consideration will be given to projects that can use diverse fuels or fuels from several sources will be favored over those that use a single fuel or fuel source. This factor is also incorporated into the price evaluation

with regard to the stability of pricing that such projects may provide.

C. Technology Innovation **[3 points]**

As required under the Act, Delmarva will provide a preference for projects using innovative technology (e.g., coal gasification), ~~based on the performance guarantees offered by the bidder.~~

BD. Operation Date and its Certainty **[43 points]**

Nearer-term in-service dates will be favored. One point will be awarded for each full calendar year before 2013 that the project can reasonably be expected to be in-service. For example, if a facility can be in-service by December 31, 2010, it will receive two points.

Each proposal will be judged as to the reasonableness of its project plan in terms of meeting its proposed commercial operation date. Although certain categories contained in this criterion are also addressed in other criteria (e.g., environmental permitting), this criterion is limited to timing issues and possible concerns about in-service dates.

CE. Reliability of Technology and Innovation **[52 points]**

Projects will be judged on the technical maturity of the generating technology specified. Points will be awarded on the basis of the technology demonstrating the ability to meet availability requirements during commercial operation. Maximum points will be awarded to those technologies which have achieved the target availability specified by the bidder over at least three consecutive years of commercial operation in the same configuration utilizing the same vendor's major components as those contained in the bid. Minimum points will be awarded to those technologies that have never been placed in commercial operation.

Bids will also be favored based on the relative degree of complexity of the generation technology proposed. Technologies requiring the least degree of system complexity (i.e., fuel handling systems, waste disposal systems, etc.) will score higher than those with higher degrees of complexity. For example, gas-fired combined cycle plants would score higher than coal-fired steam plants with respect to this criterion. Manufacturer's performance guarantees will be considered as part of this evaluation.

D. Fuel Diversity

— [7 points]

~~Delmarva prefers projects providing energy and capacity from renewable sources and facilities that use solid fuel. Projects that use diverse fuels or several sources will be favored over those that use a single fuel or fuel source. This factor is also incorporated into the price evaluation with regard to the stability of pricing that such projects may provide.~~

EF. Site Development

[5 points]

This factor shall include a number of items with regard to the provision of a siting plan and socioeconomic factors, as follows:

(1) Siting Plan

The bidder will identify its site acquisition, ~~zoning~~ permitting and development plans ~~for new generating facility or the expansion of existing facilities~~, including those plans for all associated fuel, water or transmission infrastructure. This shall identify the local, State or Federal entities from which approvals must be obtained and the bidders' plan for doing so. This plan shall include but not be limited to these items:

- Identify the site where the project will be located. Indicate the total acreage of the site. Provide a map showing the location of key facilities. Show anticipated placement of all project facilities. Include a map that indicates the location of the transmission line with which the project will be interconnected.
- Provide a list of leases, easements, and/or other ownership documents that demonstrate that the bidder has control of the intended project properties and has the legal right to construct, interconnect, operate and maintain the project described. For an offshore wind project, provide a description of what is required to obtain site control, the status of bidder's efforts to obtain site control, and applicable supporting documentation.
- Provide a description of its proximity to inhabited structures, and its proximity to areas that may be sensitive from an environmental, cultural, security and other perspective.
- If not covered in the first bullet above, provide a written description of all material applications, permits and approvals required to construct and operate the generating facility and all associated interconnecting utilities.
- Describe the bidder's plan for the acquisition and delivery of fuel(s) to the project site(s), and for the interconnection of the project to the grid
- Indicate whether the site is located in an existing brownfield or industrial location.

(2) Socioeconomic Issues

The bidder shall identify the extent to which the project(s):

- . Does not raise environmental equity issues
- . Minimizes impacts on transportation systems and traffic
- . Enhances economic and community development
- . Has minimal aesthetic and noise impacts
- . Minimizes impacts on historic and archaeological resources

FG. Bidder Experience, Safety and Staffing Plan [5 points]

Delmarva desires bidders with demonstrated project management and financial capabilities. In its evaluation process, Delmarva will consider the qualifications and experience of key management personnel of the bidder's firm as well as the overall qualifications and experience of the bidder related to functions such as construction, operations, fuel management, regulatory relations, finance and risk management. This information is not part of the response forms, and bidders shall provide this separately in their proposals.

- . Please provide a description of relevant experience and a list of previous successful power projects for which the bidder has been responsible. This shall include the bidder's track record in bringing projects to fruition on time or in advance of the required dates.
- . Safety is of real importance to Delmarva. The bidder shall provide its track record for safe operation on previous projects, and its plan for ensuring that operations at the proposed site(s) will be safe.
- . Provide a list of the names, biographies and responsibilities, relevant experience and professional references for each member of the development team that will be responsible for the following areas: plant management, engineering/construction, safety, financial, environmental, fuel acquisition and operations. This requirement holds true for near-term projects in particular. If such personnel have not been identified due to the projected date of operations (e.g., for a plant scheduled to come on line in 2013), the bidder shall provide evidence that it has a pool of talent with experience such that they will be able to ably carry out each of these functions.

G. Financial Plan _____ H. Project
Financeability _____ [5 points]

Bidders will be judged on their plan and ability to finance the project's development, including the provision of project equity. Points will be awarded based on the strength of the bidders' financial plan and capabilities.

All bidders must submit a cash-flow spreadsheet showing that their proposal is likely to produce a project that has a commercially reasonable financial profile.

For project financing, ~~bidders will submit evidence of commitments from financial institutions and~~ this will include a plan as to how the project will meet commercial requirements to be financed. ~~This will include and a demonstration that the project can meet those requirements. Any commitments or other evidence of support from financial institutions will be considered in scoring this factor.. The bidders should address~~ the proposed funding source(s) or guarantor(s) during project development, construction, and long-term financing.

For corporate financing, the ~~bidding~~ bidders shall demonstrate ~~its~~ their financial strength (e.g., financial statements, corporate ratings, etc.), and evidence of relationships with financial institutions that would provide sufficient ~~debt~~ capital at each stage of project development.

As outlined below, bidders will also be required to provide certain amounts of security, both before and after the in-service date of the proposed Capacity, to mitigate the impact of potential default or withdrawal. ~~Should Delmarva provide a proposal, it would not be required to provide such security. These costs should be reflected in all financial analyses submitted.~~

H. Contract Terms _____ [2 points]

~~The attached Term Sheet (Attachment 1) provides the non-negotiable legal terms governing the purchase of energy and capacity which Delmarva will make from the successful bidder(s). Bidders shall receive access to the full PPA once they file a Notice of Intent with Delmarva. Bidders shall review this document and, if the bidder would like any changes to those sections not listed in the Term Sheet, they shall submit a Redlined version by the due date for proposals, in MS Word, showing such requested changes. Delmarva will consider the extent and significance of changes requested by a bidder to the PPA as part of the bid evaluation.~~

process, and will favor those bids with the fewest and least substantive changes.

2.5 POINT ASSIGNMENT

During the Detailed Evaluation, Delmarva plans to evaluate proposals utilizing both the price and non-price criteria outlined in Sections 2.3 and 2.4. Proposals will be evaluated under each criterion and the dollar or point value of each price factor calculated and the point value of each non-price factor determined. ~~This will result in each proposal having an evaluated price value or cost (expressed in dollars) based on the sum of the price factors and an evaluated non-price value (expressed in points) based on the sum of the non-price factors.~~ In order to allow the price and non-price values to be combined, the total evaluated price value will be converted to points and then added to the non-price value.

~~As mentioned above, price factors will be weighted at 60% and non-price factors weighted at 40% in the Detailed Evaluation. This is accomplished by setting the maximum price score at 60 points and the maximum non-price score at 40 points.~~

As an example for the Price Evaluation, all proposals that pass the Non-Responsiveness and Threshold Tests shall be evaluated with regard to their value to Delmarva's SOS customers. As explained above, the price evaluation shall award ~~2/338~~ of the 60 available points in this category ~~(40 points)~~ to the proposal with the lowest expected cost to Delmarva's SOS customers, and ~~2015~~ points to the proposal with the greatest level of expected price stability. All other proposals shall be scaled to the lowest cost proposal. ~~For example, a proposal with a cost that is 5% higher than the proposal with the lowest cost shall receive a score of 40 times .95, or 38 points, and a proposal that has a cost that is 10% higher shall receive 40 times .90, or 36 points.~~ In determining the value to Delmarva's SOS customers, the projects shall be evaluated under different scenarios and to the proposal with the greatest level of expected price stability. The specifics of the bid evaluation methodology, the assumptions used, the scenarios used and the system to convert results to point scores will be developed by Delmarva and its consultant and be approved for use by the State Agencies and their Independent Consultant prior to the receipt of bids.

~~The two elements, price stability and Loss under Probability of Default, constitute the remaining 20 points in the Price Evaluation. Both these factors measure the extent to which Delmarva's SOS customers are at risk for price fluctuation, and Delmarva shall rank proposals according the magnitude of this risk. Delmarva shall measure stability by the range of the proposed prices from the reference case, and shall measure the Loss under Probability of Default as described in Section 2.3.7 above. The most stable pricing proposal shall receive all 20 points in this category, and other proposals shall be scaled to this offer. From a price stability perspective,~~

~~the optimum bid would provide fixed prices with appropriate documentation for the full term of the proposed PPA from a highly credit worthy entity.~~

For the Non-Price Evaluation, the evaluators shall use their professional judgment to assign scores that fall within the range of points available for each factor.

Delmarva shall use experts in each of these areas to assign such points. If there is more than one evaluator for a given factor, the score for that factor shall be the average of the number of points assigned by each evaluator. The Independent Consultant may conduct a parallel evaluation, and if so, Delmarva and the Independent Consultant shall use good faith efforts to reconcile their respective evaluations.

After its analysis is complete, Delmarva and the Independent Consultant shall prepare ~~a confidential report~~ reports for the public agencies that provides ~~its~~ their recommendations for the project(s) that should receive PPAs, ~~subject to the IRP analysis,~~ along with Delmarva's justification for such recommendations. There may be both public and confidential versions of the reports.

2.6. MEASURES TO PROTECT AGAINST THE POTENTIAL FOR SELF-DEALING

In order to assure that that any affiliate of Delmarva that submits a bid in response to the RFP does not receive any favorable treatment compared to other bidders and to require a functional separation between Delmarva's bid evaluation team and any affiliate planning to submit a bid as well as employees or contractors of Delmarva that may be working on a self-build proposal in the context of Delmarva's RFP, Delmarva shall implement the following procedures:

- 1) Any proposal submitted by a Delmarva affiliate will be submitted one day in advance of all other proposals and will be submitted to the Commission and Delmarva at the same time.
- 2) No employee working on an affiliate bid or a self-build option (in the context of the IRP) will be allowed to participate in the bid evaluation process as a member of the bid evaluation team or to communicate with any member of the bid evaluation team and visa versa. All employees associated with the bid evaluation team will be required to sign confidentiality agreements protecting the confidentiality of bidder information.
- 3) All requirements of the RFP, including security requirements, shall apply to any affiliate of Delmarva that submits a bid in response to this RFP.

3. PAYMENTS AND SECURITY

3.1 INTRODUCTION AND OVERVIEW

The Company will pay successful bidders separately for capacity and energy. A significant objective of this RFP is to procure long-term capacity and energy under a payment structure that provides price stability to Delmarva's customers. Bidders shall also provide and Delmarva shall pay for ancillary services as described below.

Bidders are required to offer fixed pricing, or prices tied to a publicly-available index, and must specify the index to which their bids will be tied. When indices are used in formulas in any component of the price bid, Delmarva recommends the bidder use the index value from the previous year (or period) when calculating prices during a given year (or period). Due to the time lag associated with the reporting of the actual index value, this will assist in the ability to administer price formulas in the contract.

The prices on which the various payments will be based are as follows:

- (1) Capacity Price — Delmarva will make monthly levelized-capacity payments according to the specified Capacity Price tied to a stated MW level, which may be adjusted based on plant performance in accordance with the price adjustment mechanism set forth in Attachment 3 of the Term Sheet.
- (2) Energy Price — Monthly energy payments will be the product of the number of stated kWhs MWhs delivered to Delmarva's ~~Zone~~the Delivery Point in the month, times the amount in the winning bidder's Energy Price (cents/kWh), adjusted by indices, if so specified in the PPA.
- (3) Ancillary Services Price — [Bidders will provide and be paid monthly for ancillary services. The bidder should specify the ancillary services that Delmarva will be provided. If such ancillary services are not under the direct dispatch and control of Delmarva, the bidder should specify the manner in which aggregate System revenues from those services will be determined and allocated to Delmarva.] [Delmarva should provide clarification regarding payment for ancillary services. The Term Sheet ("Compensation") provides that compensation for Ancillary Services shall be through capacity payments and not through separate charges for ancillary services.]
- (4) Renewable Energy Credits—Delmarva shall pay for Renewable Energy Credits from renewable projects monthly based on REC's produced times the stated REC price.

3.2 START DATE FLEXIBILITY

Delmarva prefers that the capacity sought through this RFP become available no later than June 1, 2013. Delmarva prefers earlier commercial operation dates, particularly for those projects that provide price stability.

3.3 TERM OF CONTRACT

Delmarva will only consider proposals with capacity and energy terms of 10-25 years. If the facility proposed is not constructed, Delmarva shall have the ~~option to reject~~ right to terminate the PPA as provided for in the PPA.

3.4 SECURITY REQUIREMENTS

Bidders with whom contracts are established will be required to post Security which shall be available to pay ~~any amount due~~ Delmarva pursuant to the PPA, and to provide Delmarva with confidence that the selected bidder will construct the Facility to meet the Construction Milestones described below. The security posting shall also provide security to Delmarva to cover damages, including but not limited to replacement power costs and transaction costs for the Delmarva SOS customers, should the Facility fail to achieve the Commercial Operation Date or in the event of failure to meet the performance standards described in the PPA resulting in an event of default. If at any time after execution of the PPA the bidder(s) does not meet the security posting requirements, the PPA may be ~~canceled~~ terminated at Delmarva's option as per the PPA's terms.

3.4.1 Security Schedule and Level

Before the in-service date(s) of the project(s), the bidder security posting will be as per the following schedule:

3.4.1.1 Bidder shall establish security at a level of \$50/kW of the contracted capacity value (MW) at the time the PPA is executed with Delmarva. The contracted capacity value will be the ~~greater of the UCAP or the summer net dependable capacity rating of the project as per the PPA specified in the PPA~~ multiplied by Buyer's percentage entitlement to capacity and energy from the project.

3.4.1.2 Upon approval of the PPA for rate recovery by the relevant regulatory authorities, the security posting

requirement will be raised to \$100/kW of contracted capacity as described in section 3.4.1.1 above

3.4.1.3 For wind projects and other intermittent renewable energy projects, the amount of security required would be 40% of the normal required security for other projects in conformance with the requirements listed in 3.4.1.1 and 3.4.1.2 above.

3.4.1.4 3.4.1.3-Upon the Commercial Operation Date, the before in-service date(s) security postings requirements will be discontinued-except as noted below.

3.4.1.5 At the expected-start date under the PPA for power delivery under the PPA, the bidder will be required to post and maintain security in the amount equal to the anticipated replacement cost for the PPA (i.e., Delmarva's SOS customer exposure). The security posting will cover a two-year forward period, which is the minimum period that Delmarva estimates it will take to obtain and have governmental and regulatory approval of an equivalent replacement contract subject to a cap of \$200/kW. The replacement contract cost will be valued as the expected PJM RPM capacity value (or a mutually agreed-upon equivalent) for the delivery year plus the energy cost as measured by NYMEX Henry Hub forward price index times an 8,000 BTU/kWh implied heat rate (Delmarva reserves the right to change the implied heat rate subject to the nature of the PPA agreement). The security posting for PPA replacement cost will be marked-to-market daily for the rolling two-year forward period beginning on that day.

A seller with an investment grade parent could provide a parent guarantee capped at the \$200/kW level once the Initial Delivery Date of its plant has been achieved. The amount of liquid collateral it would be required to provide would be based on the amount calculated based on the anticipated replacement power cost and Delmarva's credit rules specified in the PPA regarding liquid collateral. A seller without an investment grade guarantor would be required to post the full \$200/kW in the form of a letter of credit or other credit support acceptable to Delmarva.

Bidder will be responsible for informing Delmarva of changes in milestone status and Delmarva will modify posted security levels ~~once the milestone of the in-service status is approved of the project.~~

~~To the extent that there is a delay (i.e., the construction period and the PPA capacity or energy delivery period overlap), the bidder will be required to maintain security equal to the sum of the security required before the in-service date plus the security required after the in-service date. In addition, any delay in the in-service date beyond the date agreed upon in the PPA shall incur a penalty, subject to allowed force majeure extensions, shall require Seller to pay liquidated damages ("Delay Damages") of \$7.00/kW-month (\$2.80/kW-month for an intermittent renewable energy project) for up to twelve (12) months which will be assessed on a daily basis for each month the facility(ies) is not available against the facility(ies) UCAPnet summer capability rating of the project. Further, such delay entitles Delmarva not to accept power under the PPA until the plant is on-line.~~

~~During the construction phase of the project, failure to complete milestones by their contractually prescribed date may result in forfeit of specific amounts of the security posting, as specified in the PPA. Likewise in the event of default under the PPA, bidder may forfeit portions of the security posting. Bidder In the event Delay Damages are assessed and Seller does not timely pay such Delay Damages, Delmarva shall have the right to access equivalent portions of the development period security and Seller shall replenish the security fund to the required level within fifteen (15) business days after any draw on the Security Fund by Delmarva. If the bidder or project owner Seller fails to provide adequate security and/or extension upon 60 days notice, Delmarva may withhold cash from future payments in the amount of the deficiency in the security or terminate the PPA. The PPA may provide for interim milestones prior to the Commercial Operation Date, with Delmarva rights to access liquidated damages in the event of a delay inconsistent with Seller's ability to timely meet the Guaranteed Initial Delivery Date; provided, that the total amount of such liquidated damages and Delay Damages shall not exceed \$84/kW (\$33.60/kW for an intermittent renewable energy project).~~

3.4.2 Forms of Security

Delmarva is willing to accept security in the following form, subject to restrictions described in Section 3.4.4 below.